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ABSTRACT

This manual provides an introduction to the system of financing elementary and secondary education in Florida. School finance reform in Florida, the paper notes, has been considered a success primarily due to a grouping of conditions that created an atmosphere conducive to reform. Chapter 1 explains how the state's education finance plan operates and includes a discussion of categorical aid, another form of state aid. Chapter 2 shows ways in which the user can study the impact of the education finance plan on the raising and distributing of resources for education. The manual concludes that any disparities existing among Florida school districts seem to be related to the state's value judgment that some pupils and some districts have higher needs. Tables, formulas, and step-by-step exercises are provided throughout the document for users. (Author/LD)

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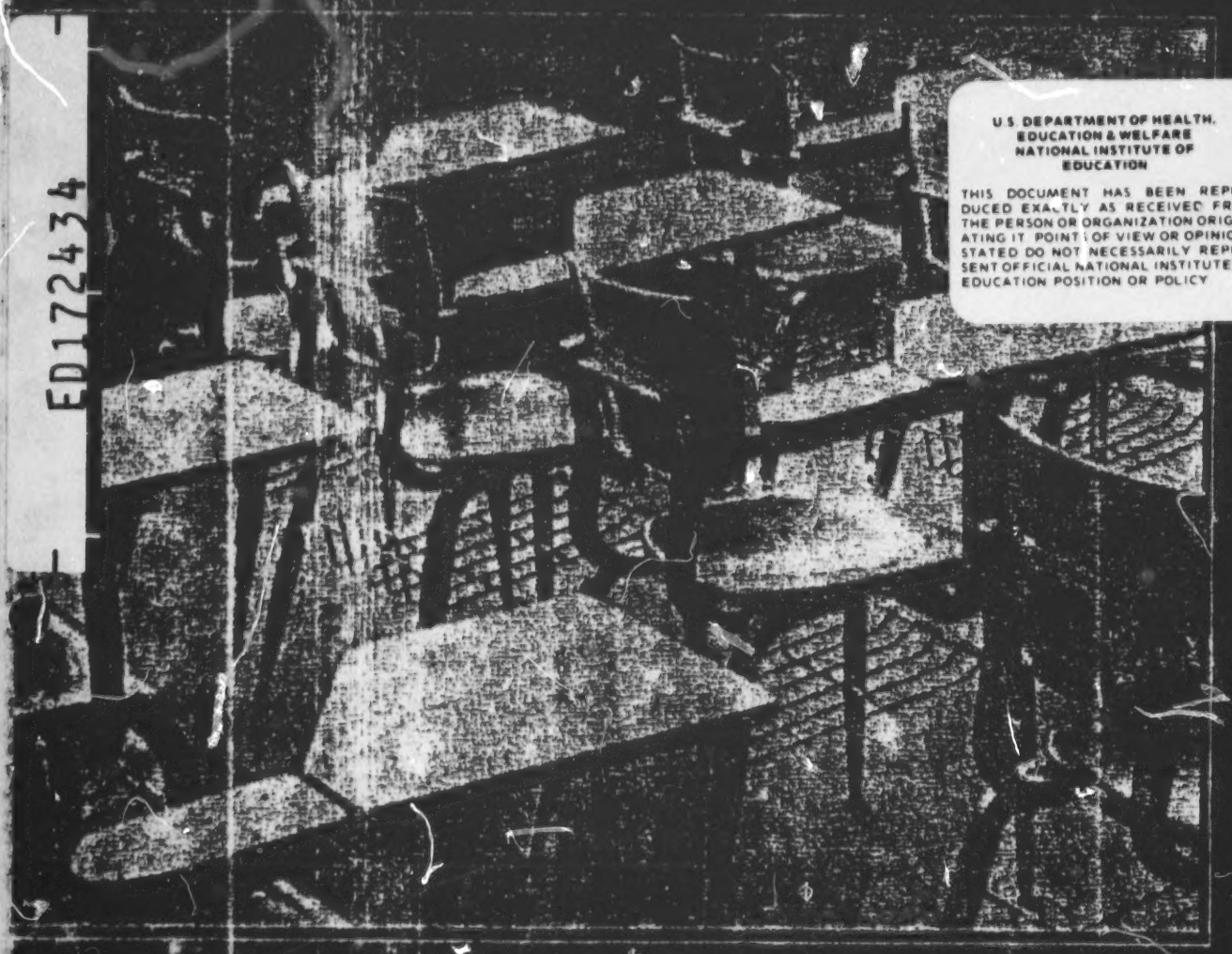
MONEY AND EDUCATION

A Guide to Florida School Finance



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MONEY AND EDUCATION: A GUIDE TO FLORIDA SCHOOL FINANCE

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INTRODUCTION

In early June, 1973, an overwhelming majority of the two chambers of the Florida legislature guaranteed the State a strongly progressive system of school finance.

The groundwork for the Florida legislation was laid by a long-standing concern for education in the state, most particularly represented by the traditional utilization of Citizens Committees to study the Florida school system. Such a committee became one of the most visible proponents for school reform in the 1970s. Overall, a number of actors were involved in the intensive pre-session work that led to eventual reform, including the Department of Education whose expertise was highly relied upon in the recommendations submitted by the Citizens Committee, Governor Askew, and leaders of the state House of Representatives.

The ultimate success of the Florida school finance reform of 1973 began with the gradual creation of an environment amenable to reform. The tradition of governor appointed citizens' committees proved a cog in establishing this atmosphere. The first was appointed by Millard Caldwell in 1945 to study Florida schools and was an important agent in formulating the state's Minimum Foundation Program in 1947. Ironically, eventual attempts at reforming this Minimum Foundation Program were encouraged by citizens' committees appointed by Governors Kirk and Askew in 1967 and 1971, respectively, both of which bolstered their influence by employing nationally respected educational consultants.

A second facilitative factor toward finance reform was Florida's unique system of school district organization where the boundaries of every school district are coterminous with those of a county. Such a structure serves to

minimize disparities in that cities and suburbs draw from a singular and homogeneous property tax base.

The Florida reform package was also aided by the convergence of several other factors. Of primary importance was the fact that the state started the 1972-1973 fiscal year with an already sophisticated school finance program. Perhaps of equal importance, was the growing discontent among legislators with the complexity of the existing state aid formula.

The success of the legislation, as well, can be attributed to the bill itself which in actuality was not merely a school finance bill, but rather boasts a number of compatible components, such as management information systems, annual progress reports, transportation aid, and capital outlay funds. Inclusion of each garnered more and more allies to the cause of school finance reform.

While each of the above factors were important ingredients in eventual affirmative action, individually they would probably have not proven sufficient to guarantee reform success. Rather, it is the grouping of these conditions which created an atmosphere conducive to finance reform. Their interaction has meant the dissipation of an antiquated Minimum Foundation Program, and in its replacement by a more progressive package.

The purpose of this manual is to provide you with an introduction to the system of financing elementary and secondary education in Florida. Chapter I of this manual explains how the Florida Education Finance Plan, the major mechanism for the distribution of state aid to education, operates and includes a discussion of state categorical aid. This chapter deals with the mechanics of state support to education in Florida. Chapter II shows some ways in which you can study the impact of the Florida Education Finance Plan on the raising and distributing of resources for education.

CHAPTER I

STATE SUPPORT FOR ELEMENTARY AND SECONDARY EDUCATION

The revenue that a Florida school district has available to spend on education is a combination of revenue raised locally, revenue provided by the state, and federal revenue. During 1974-75, Florida's school districts received 56.56 percent of their revenue from the state, 34.49 percent from local tax efforts, and the remaining 8.95 percent through federal aid. The subject of this chapter is the provision of state support for education in Florida. State aid to Florida school districts is provided through two programs: Florida's Education Finance Program which provided about 80% of state support in 1975-76, and Categorical Programs, which accounted for about 20% of state support to school districts.

Florida's Education Finance Program, hereafter referred to as FEFP, draws upon an equalization formula known as the Minimum Foundation Program as the basis for the distribution of aid to school districts. A Minimum Foundation Program addresses disparities in district ability to support the cost of education and is the most popular type of state aid distribution program. The way it works is that the state determines a per pupil cost that it will support and guarantees that every school district will have at least this amount per pupil. To participate in the program, a school district is required to levy a state determined tax rate. State aid is the difference between the guaranteed per pupil cost and what a local district raises using the state set tax rate.

Florida's Education Finance Program does not differ substantially from the Minimum Foundation Program. However, a key feature of FEFP and that

which distinguishes it from many other Foundation Programs is the way in which students are counted. Students are weighted according to their participation in a specific program of study. Its stated intent is:

> "To guarantee to each student in the Florida public school system the availability of programs and services appropriate to his educational needs which are substantially equal to those available to any similar student notwithstanding geographic differences and varying local economic factors." (Section 236.012, Florida Statutes)

The way in which it sets out to accomplish this objective is the subject of the first part of this chapter. The second part discusses categorical program aid. The chapter is predicated on the assumption that evaluating your state's plan for financing education requires a working knowledge of how it operates. Therefore, the major features of FEFP are outlined, including the step-by-step calculation of school district's state aid allocation. In order to assist you in understanding Florida's formula for financing education, exercises appear throughout the chapter. You should complete each exercise before proceeding to new material.

Florida Education Finance Plan

Under FEFP each district is guaranteed a basic amount of money for its educational programs. Local school districts must contribute to this guaranteed amount. The local share is determined by levying a state set tax rate. The amount raised by a district from the state set tax rate is known as Required Local Effort. State Aid to a school district is the difference between the State Guarantee to a school district and the district's Required Local Effort. Thus,

State Aid = State Guarantee - Required Local Effort

In order to explain the Florida finance program we will discuss 1) the State Guarantee, 2) Required Local Effort, and 3) the Calculation of State Aid.

1. State Guarantee

Florida guarantees a fixed amount of dollars per student which is called the Base Student Allocation. This guarantee is determined annually by the legislature, based on its projections of available funds and student membership. Table 1 presents the Base Student Allocation for each year since the passage of FEFP in 1973.

TABLE 1

BASE STUDENT ALLOCATION

Year	Guarantee Per Weighted FTE
1973 - 1974	$ 580
1974 - 1975	$ 745
1975 - 1976	$ 745
1976 - 1977	$ 754.51

Note: The Base Student Allocation has increased from $580 in 1973-1974 to $754.51 in 1976-1977. This guarantee was called the Base Student Cost prior to 1976-77.

The guaranteed amount is expressed per weighted full-time equivalent student or FTE. In the next section we will explain how an FTE and a weighted FTE is calculated.

Prior to 1976-77, the Base Student Allocation was a set amount that could not change over the course of a year. However, for 1976-77, the legislature stipulated that the Base Student Allocation can be increased if additional funds are available, due either to an underestimate of required local effort or an overestimate of student membership.

Total Base Student Allocation

A district's Total Base Student Allocation is obtained by multiplying the weighted FTE by the Base Student Allocation of $754.51 for 1976-77 (see Table I). If a district has 2,000 weighted FTE, its Total Base Student Allocation is:

Total Base Student Allocation	=	Weighted FTE	x	Base Student Allocation ($ 754.51)
	=	2,000	x	$ 754.51
	=	$1,509,020		

Since the Total Base Student Allocation is based on weighted FTE it is important to understand how a weighted FTE is determined.

Florida defines students in terms of Full Time Equivalent membership (FTE) taken four times a year. A FTE student count reflects the amount of time the student consumes a resource. For example, a student enrolled in kindergarten for one half day is counted as .5 FTE. (For a full description of how FTE membership is determined see Appendix A).

In addition, Florida further specifies the definition of a student by the type of program in which the student is enrolled. Students are "weighted" according to their participation in a particular program of study. These weights are intended to reflect differences in the cost of providing different programs and are called Program Cost Factors. It costs more, for example, to provide an educational program for a handicapped student than an average student. Thus, the program cost factor is higher for the handicapped student than for the average student.

For the purpose of determining state aid to a school district, Florida has established program cost factors for twenty-five programs. There are

four major categories of programs: (1) Basic Programs, which classify students according to grade level; (2) Special Programs for Exceptional Students, (3) Special Vocational-Technical Programs, and (4) Special Adult General Education Programs. Table 2 lists the twenty-five programs and each program's cost factor.

Note in Table 2:

All Florida school districts use these cost factors to calculate weighted FTE.

A student may be enrolled in more than one of the twenty-five programs.

The lowest cost factor is 1.00 for the Basic "grades 4-9 program." The highest program cost factor is 15.00 for the "Hospital and Homebound program."

To derive the number of weighted students you must first determine the FTE students in each of the twenty-five programs. If a student is enrolled in more than one program, the student is counted as a fraction of one FTE student for the time spent in each program. For example, if a student is enrolled half-time in grade 5 and half time in a program for students with a "Specific Learning Disability," this student may be counted as one-half FTE (.50 FTE) in the "Grades 4 through 9 program" and one-half FTE or (.50 FTE) in the "Specific Learning Disability Program."

The weighted FTE in a program is determined by multiplying the number of FTE students in that program by its program cost factor. For example, if a district has 300 FTE in the grade 10-12 program which has a program cost factor of 1.1 (see Table 2), then the weighted FTE for that program is:

Weighted FTE in a Program	=	FTE in the Program	x	Program Cost Factor
	=	300	x	1.10
	=	330	x	

Table 2

PROGRAMS OF STUDY AND PROGRAM COST FACTORS

Program	Program Cost Factor
Basic Programs	
Kindergarten-grade 3	1.234
Grades 4-9	1.000
Grades 10-12	1.10
Special Programs for Exceptional Students	
Educable Mentally Retarded	2.30
Trainable Mentally Retarded	3.00
Physically Handicapped	3.50
Physical and Occupational Therapy, part-time	6.00
Speech and Hearing Therapy, part-time	10.00
Deaf	4.00
Visually Handicapped, part-time	10.00
Visually Handicapped	3.50
Emotionally Disturbed, part-time	7.50
Emotionally Disturbed	3.70
Socially Maladjusted	2.30
Specific Learning Disability, part-time	7.50
Specific Learning Disability	2.30
Gifted, part-time	3.00
Hospital and Homebound, part-time	15.00
Special Vocational-Technical Programs	
Vocational Education I	4.26
Vocational Education II	2.64
Vocational Education III	2.18
Vocational Education IV	1.69
Vocational Education V	1.40
Vocational Education VI	1.17
Special Adult General Education Programs	
Adult Basic Education and Adult High School	1.28

Table 3 shows the calculation of weighted FTE for a hypothetical district.

Note in Table 3:

Column 1 shows the total number of FTE in each program. There are decimals in this column because students may count as a fraction of one FTE.

For the "grades 4-9 program" there are the same number of weighted FTE as unweighted FTE. This is because the program cost factor is 1.00.

As our Table shows, there need not be students in every program.

There are ceilings on the total number of weighted FTE in the state for each special program category: Special Programs For Exceptional Students, Special Vocational Technical Programs and Special Adult General Education Programs. For a full explanation of program ceilings, see Appendix B.

Thus far we have learned how to determine the weighted FTE in each of the twenty-five programs. To obtain the total weighted FTE for a district you add the weighted FTE in each program. Table 3 shows that the total weighted FTE in our example district is 2,000 (sum of column 3). This is 460.52 more students than the unweighted FTE (2,000.00 - 1,539.48 = 460.52).

Remember, the Total Base Student Allocation is the number of weighted FTE multiplied by the Base Student Allocation. Thus, the Total Base Student Allocation for our example district is:

2,000 x $754.51 = $1,509,020.

You have seen how to determine the Total Base Student Allocation for a district. You may also want to calculate the contribution of each program to a district's Total Base Student Allocation. To do this, multiply the number of weighted FTE in a specific program by the Base Student Allocation.

TABLE 3

CALCULATING WEIGHTED FTE IN A HYPOTHETICAL DISTRICT

Programs	Unweighted FTE	Program Cost Factor	Weighted FTE
Basic Programs			
Kindergarten - grade 3	350.00	1.234	431.90
Grades 4-9	699.00	1.000	699.00
Grades 10-12	300.00	1.10	330.00
Special Programs for Exceptional Students			
Educable Mentally Retarded	20.00	2.30	46.00
Trainable Mentally Retarded	10.01	3.00	30.03
Physically Handicapped		3.50	
Physical and Occupational Therapy	7.00	6.00	42.00
Speech and Hearing Therapy	5.00	10.00	50.00
Deaf	1.01	4.00	4.04
Visually Handicapped, part-time	2.00	10.00	20.00
Visually Handicapped		3.50	
Emotionally Disturbed, part-time		7.50	
Emotionally Disturbed		3.70	
Socially Maladjusted	20.00	2.30	46.00
Specific Learning Disability, part-time	8.00	7.50	60.00
Specific Learning Disability		2.30	
Gifted, part-time	5.00	3.00	15.00
Hospital and Homebound, part-time		15.00	
Special Vocational-Technical Programs			
Vocational Education I	2.46	4.26	10.48
Vocational Education II	30.00	2.64	79.20
Vocational Education III	25.00	2.18	54.50
Vocational Education IV	25.00	1.69	42.25
Vocational Education V	10.00	1.40	14.00
Vocational Education VI		1.17	
Special Adult General Education Programs			
Adult Basic Education and Adult High School	20.00	1.28	25.60
	1539.48		2000.00

For example, the grade 10-12 program in our example district has 330 weighted FTE. The Program Base Student Allocation is then,

Program Base Student Allocation	=	Weighted FTE in a Program	x	Base Student Allocation (754.51)
	=	330	x	$754.51
	=	$248,988.30		

Table 4 shows the program Base Student Allocations for our example district.

Note in Table 4:

Our example district does not have FTE membership in all twenty-five programs. The programs with no FTE are excluded from this Table.

The highest Program Total Base Student Allocation is $527,402.49 in the Grades 4-9 program and the lowest Allocation is $7,907.26 for the Vocational Education I Program.

TABLE 4

CALCULATION OF PROGRAM TOTAL BASE STUDENT ALLOCATIONS
FOR EXAMPLE DISTRICT

Programs	Weighted FTE	Base Student Allocation	Program Total Base Student Allocation
Basic Programs			
Kindergarten - grade 3	431.00	$754.51	$ 325,872.87
Grade 4 - grade 9	699.00	754.51	527,402.49
Grade 10 - grade 12	330.00	754.51	248,988.30
Special Programs for Exceptional Children			
Educable Mentally Retarded	46.00	754.51	34,707.46
Trainable Mentally Retarded	30.03	754.51	22,657.93
Physical and Occupational Therapy, part-time	42.00	754.51	31,689.42
Speech and Hearing Therapy, part-time	50.00	754.51	37,725.50
Deaf	4.04	754.51	3,048.22
Visually Handicapped, part-time	20.00	754.51	15,090.20
Socially Maladjusted	46.00	754.51	34,707.46
Specific Learning Disability, part-time	60.00	754.51	45,270.60
Gifted, part-time	15.00	754.51	11,317.65
Special Vocational-Technical Programs			
Vocational Education I	10.48	754.51	7,907.26
Vocational Education II	79.20	754.51	59,757.19
Vocational Education III	54.50	754.51	41,120.80
Vocational Education IV	42.25	754.51	31,878.05
Vocational Education V	14.00	754.51	10,563.14
Special Adult General Education Programs			
Adult Basic Education and Adult High School	25.60	754.51	19,315.46
	2000.00		$ 1,509,020.00

Exercises on Total Base Student Allocation

Using the program cost factors in Table 2 on page 6 and 1976-77 Base Student Allocation of $754.51, answer the following questions.

1. A school district has 200 kindergarten FTE, 300 grade 1 FTE, 100 grade 2 FTE, and 200 grade 3 FTE. What is the weighted FTE for the Basic "kindergarten-grade 3 program?"

   a. 98.72
   b. 800
   c. 880
   d. 987.2

2. A school district has 1,500 FTE in the kindergarten-grade 3 programs, 3,500 FTE in grades 4-9 and 2,000 FTE in grades 10-12. What is the weighted FTE for the basic programs?

   a. 1851
   b. 7551
   c. 7000
   d. 7700

3. A school district reports the following numbers of FTE in each of its programs:

Basic Programs	FTE
K - 3	589
4 - 9	1823
10 - 12	660
Special Programs	
Visually handicapped	5
Socially maladjusted	11
Physically handicapped	3
Hospital and homebound	2

   What is the total weighted FTE in the district?

   a. 3340.36
   b. 3093.00
   c. 3402.30
   d. 3359.13

4. A district has 1,000 weighted FTE. What is the Total Base Student Allocation for the district?

   a. 754.51
   b. 75,451.00
   c. 754,510.00
   d. 7545.10

5. A district has 200 weighted FTE in the grades 10 - 12 program and 500 total weighted FTE. What is this district's program Base Student Allocation for the grades 10 - 12 program?

   a. 15,090.2
   b. 150,902.0
   c. 377,255.0
   d. 165,922.2

A district has the following number of FTE in its K-grade 12 programs. Answer the following questions.

Kindergarten	50	Grade 5	60	Grade 10	40
Grade 1	50	Grade 6	50	Grade 11	40
Grade 2	30	Grade 7	50	Grade 12	30
Grade 3	70	Grade 8	40		
Grade 4	60	Grade 9	40		

6. What is this district's weighted FTE for each of the three basic programs?

   a. 246.80; 300; 110
   b. 200; 300; 110
   c. 246.8; 300; 121
   d. 220; 300; 121

7. What is the weighted FTE for the basic program category?

   a. 667.8
   b. 300
   c. 610.0
   d. 246.8

8. What is the total program base student allocation for the grades 10 - 12 program?

   a. 226,353
   b. 754.51
   c. 91,295.71
   d. 82,996.1

Basic Amount For Current Operations

Thus far we have seen that a major feature of FEFP is to recognize the differing costs of individual programs. The state guarantee is affected not only by the cost of various programs but also by the variation among districts in the costs of providing similiar services. Thus, the state guarantee to a district is adjusted by a District Cost Differential Factor. This is a cost-of-living adjustment to the basic cost of educating a student. It is determined annually by the Florida Legislature and is based on the Florida Price-level index. The adjusted guarantee is called the Basic Amount For Current Operations and is determined as follows:

Basic Amount for Current Operations = Total Base Student Allocation x District Cost Differential Factor

If our example district has a District Cost Differential Factor of 1.10, its Basic Amount for Current Operations is determined as follows:

1) Determine the Total Base Student Allocation by multiplying the weighted FTE by the Base Student Allocation.

   2,000 x $754.51 = $1,509,020

2) Determine the Basic Amount For Current Operations by multiplying the Total Base Student Allocation by the District Cost Differential Factor.

   $1,509,020 x 1.10 = $1,659,922

The purpose of the Cost Differential Factor is to adjust the district allocation in accordance to how a district compares to the whole state in its cost of goods and services. Cost Differential Factors of less than 1.00 indicate greater purchasing power for a district; Cost Differential Factors that are greater than 1.00 indicate that goods and services are more expensive in that district. For 1976-77, fifty-five of Florida's sixty-seven school districts have cost factors less than 1.00. Twelve have cost factors

greater than 1.00. For a full list of Cost Differential Factors see Table 7 on page 53. The Total Base Student Allocation for districts with less purchasing power (e.g. District Cost Differential Factors greater than 1.00), is increased when the Cost Differential Factor is applied. Likewise, the Total Base Student Allocation for districts with greater purchasing power is decreased when the Cost Differential Factor is applied. For example, consider what would happen to the Total Base Student Allocation for our example district with different Cost Differential Factors. Table 5 shows the effects of different Cost Differential Factors on the Basic Amount For Current Operations.

TABLE 5

EFFECT OF DISTRICT COST DIFFERENTIAL FACTOR
ON EXAMPLE DISTRICT

Cost Differential Factor	District Total Base Student Allocation	Basic Amount For Current Operation	Per Weighted FTE
.97	$1,509,020	$1,463,749	$731.87
1.00	1,509,020	1,509,020	754.51
1.10	1,509,020	1,659,922	829.96

Note: The amount per weighted FTE is obtained by dividing the Basic Amount For Current Operations by the weighted FTE for the district. With a Cost Differential of 1.00 this would yield:

$$\text{Basic Amount for Current Operations Per Weighted FTE} = \frac{\$1,509,020}{2,000} = \$754.51$$

Remember, if it takes less than a dollar to buy what on the average costs a dollar statewide, the district will have a cost differential less than 1.00. In

Table 5 the first differential is .97 and the Basic Amount For Current Operations is lower than the Total Base Student Allocation. It is decreased from $1,509,020 to $1,463,749.

If a dollar in our example district buys what the dollar buys on the average statewide, the Cost Differential Factor is 1.00. In this instance, the Basic Amount For Current Operations is the same as the Total Base Student Allocation or, $1,509,020.

Finally, if it takes more than a dollar in our example district to buy what on the average costs a dollar statewide the Total Base Student Allocation will be increased. In our district this Cost Differential Factor is 1.10. When the Total Base Student Allocation is adjusted for this cost differential it is increased from $1,509,020 to $1,659,922.

In addition to the Cost Differential Factor, FEFP contains an adjustment for sparsity of population. However, this adjustment has not been funded. (For an explanation of the sparsity adjustment see Appendix C).

Exercises on Basic Amount for Current Operations

Using the program cost factors in Table 2 on page 6 and the Base Student Allocation for 1976-77 of $754.51 per weighted FTE, answer the following questions:

9. A district has a total Base Student Allocation of 368,000 and a Cost Differential Factor of 1.12. What is this district's Basic Amount for Current Operations?

   a. 328,571
   b. 412,160
   c. 310,978,841
   d. not enough information

10. A district has 1,200 weighted FTE and a Cost Differential Factor of .96. What is the district's Basic Amount for Current Operations?

   a. 905,412
   b. 858,827.52
   c. 943,137.50
   d. 869,195.52

11. A district has 3,400 weighted FTE and a Cost Differential Factor of 1.20. What is this district's Basic Amount for Current Operations per weighted FTE?

   a. 754.51
   b. 829.961
   c. 905.41
   d. not enough information

12. A district has 2,100 weighted FTE in Basic Programs, 250 weighted FTE in Programs for Exceptional Students, and 110 weighted FTE in the Vocational-Technical Programs and no weighted FTE in Adult Programs. With a Cost Differential Factor of .94, what is this district's Basic Amount for Current Operations?

   a. 1,856,094.60
   b. 1,974,568.72
   c. 1,489,402.7
   d. 1,744,728.9

13. A district reports the following unweighted FTE in its programs:

Kindergarten - grade 3	500
Grades 4 - 9	800
Grades 10 - 12	300
Educable mentally retarded	30
socially maladjusted	10
Vocational education 1	50

With a district Cost Differential Factor of .98, what is the district's Basic Amount for Current Operations?

a. 1,548,254.5
b. 1,579,851.5
c. 1,517,289.4
d. 1,234,831.0

2. Required Local Effort

The Basic Amount For Current Operations is the state guaranteed amount. Remember, State Aid is the difference between the Guaranteed Amount and Required Local Effort. Thus, the formula for State Aid is:

State Aid	=	Basic Amount for Current Operations	-	Required Local Effort

The Required Local Effort is the district's property valuation multiplied by a state determined required tax rate. Thus:

Required Local Effort	=	Required Tax Rate	x	District Property Valuation

The required tax rate is determined annually by the state and is 6.30 mills for 1976-77. Mills can be expressed as dollars per thousand dollars and the tax rate would become $6.30 per $1,000 or .0063. For school purposes, this tax rate is applied to .95% of a district's non-exempt assessed property valuation. In Florida, property is assessed at fair market value. Railroads, government buildings and the first $5,000 of a home are exempt from assessment.

The determination of Required Local Effort requires two steps. For instance, assume that our example school district has a non-exempt property valuation of $100,000,000. The Required Local Effort is determined as follows:

1) Determine 95 percent of the district's total non-exempt property valuation. To do this, multiply the non-exempt property valuation by .95.

   .95 x $100,000,000 = $95,000,000

   This is the amount of non-exempt property valuation on which the tax rate for school purposes may be levied.

2) Determine the Required Local Effort by multiplying the non-exempt property valuation for school purposes by the state set millage, .0063.

$95,000,000 x .0063 = $598,500

It is also useful to look at the Required Local Effort per weighted FTE. The property value per weighted FTE is determined by dividing the property value for school purposes by the number of weighted FTE. For our example district this amount is $95,000,000/2,000 or $47,500. The formula is as follows:

Required Local Effort Per Weighted FTE	=	Required Millage Rate	x	Property Value for School Purposes per Weighted FTE
	=	.0063	x	$47,500
	=	$299.25		

Districts with high property values per weighted FTE have a higher Required Local Effort than districts with low property values. For example, Table 6 shows the Required Local Effort per weighted FTE for three Florida school districts.

TABLE 6

REQUIRED LOCAL EFFORT PER WEIGHTED FTE 1976-77

District	Property Value for School Purposes Per Weighted FTE	Required Millage Rate	Required Local Effort Per Weighted FTE
Flagler	$104,458	.0063	$ 658.09
Hardee	33,425	.0063	210.58
Gadsden	11,967	.0063	75.39

Source: House Education Committee School Finance Simulation Model.

The first district, Flagler, has the highest property value per weighted FTE in the state, whereas the third district, Gadsden, has the lowest property value per weighted FTE. Flagler has a Required Local Effort of $658.09 per weighted FTE while Gadsden has a Required Local Effort of $75.39. Hardee, which has a property value near the average makes a Required Local Effort of $210.58.

Districts in Florida are allowed to levy taxes that are greater than the required tax rate under FEFP. However, the legislature set an 8 mill limit on a district's tax rate. Given the current required tax rate of 6.3 mills, a district can levy an additional 1.7 mills for a total tax rate of 8 mills without a vote of the district residents. Thus, if a district wishes to levy more than an 8 mill tax rate, the levy must be voted on by the district residents.

Exercises on Required Local Effort

14. A school district has a total non-exempt property valuation of $3,500,000. What amount of valuation does it have for school tax purposes.

    a. $3,500,000.00
    b. $3,325,000.00
    c. $3,684,210.50
    d. $36,842.11

15. A school district has a total non-exempt property valuation for school purposes valued at $5,500,000. What is the district's Required Local Effort?

    a. $32,917.50
    b. $5,225,000.00
    c. $34,650.00
    d. $346,500.00

16. A school district has a total non-exempt property valuation of $7,500,000. What is the district's Required Local Effort?

    a. $7,125,000.00
    b. $44,857.50
    c. $49,736.84
    d. $448,875.00

17. A school district with 1,000 weighted students has a non-exempt property valuation for school purposes of $50,000 per weighted student. What is this districts Required Local Effort per weighted student?

    a. $299.25
    b. $315.00
    c. $3,150.00
    d. $315,000.00

3. The Calculation of State Aid

Now that you have seen how to determine the Basic Amount For Current Operations and Required Local Effort, you can determine State Aid under FEFP:

State Aid = Basic Amount For Current Operations − Required Local Effort

The state makes up the difference between the cost of a current educational program and what the district is required to contribute. Recall that our example district had a Required Local Effort of $598,500 and its Basic Amount For Current Operations was $1,659,922 (using a Cost Differential Factor of 1.10). State aid under FEFP for our example district is then:

State Aid = $1,659,922 − $598,500

= $1,061,422

To compare districts it is useful to express State Aid per weighted FTE. For our example district, the Basic Amount for Current Operations per weighted FTE was $829.96 and the Required Local Effort per weighted FTE was $299.25. Thus,

State Aid Per Weighted FTE = Basic Amount For Current Operations Per Weighted FTE − Required Local Effort Per Weighted FTE

= $829.96 − $ 299.25

= $ 530.71

One purpose of the Florida Education Finance Plan is to lessen the disparity in the ability of districts to raise revenue. Therefore, low wealth districts receive more state aid than high wealth districts. You have already seen in Table 6 that the Required Local Effort increases as the property valuation per weighted FTE increases. Table 7 shows the State Aid per weighted FTE for the same three districts.

TABLE 7

STATE AID PER WEIGHTED FTE

PART I - Basic Amount For Current Operations

District	Property Value for School Purposes	Base Student Allocation	Cost Differential Factor	Basic Amount For Current Operations
Flagler	$104,458	$ 754.51	1.0299	$ 777.07
Hardee	33,425	754.51	.9495	716.41
Gadsden	11,967	754.51	.9424	711.05

PART II - State Aid

District	Property Value for School Purposes	Basic Amount For Current Operations	Required Local Effort	State Aid
Flagler	$104,458	$ 777	$ 658	$ 119
Hardee	33,425	716	211	505
Gadsden	11,967	711	75	636

Note:

The Basic Amount For Current Operations per weighted FTE is different for each district. This is because the state guarantee of $754.51 has been adjusted by the Cost Differential Factor for each district.

State Aid is determined by subtracting Required Local Effort from the Basic Amount For Current Operations. Flagler, with a high property valuation per weighted FTE, receives only $119 in State Aid whereas Gadsden with a low property valuation receives $636.

Figure 1 shows Required Local Effort and State Aid as components of the Basic Amount For Current Operations for the three districts in Table 7.

Note:

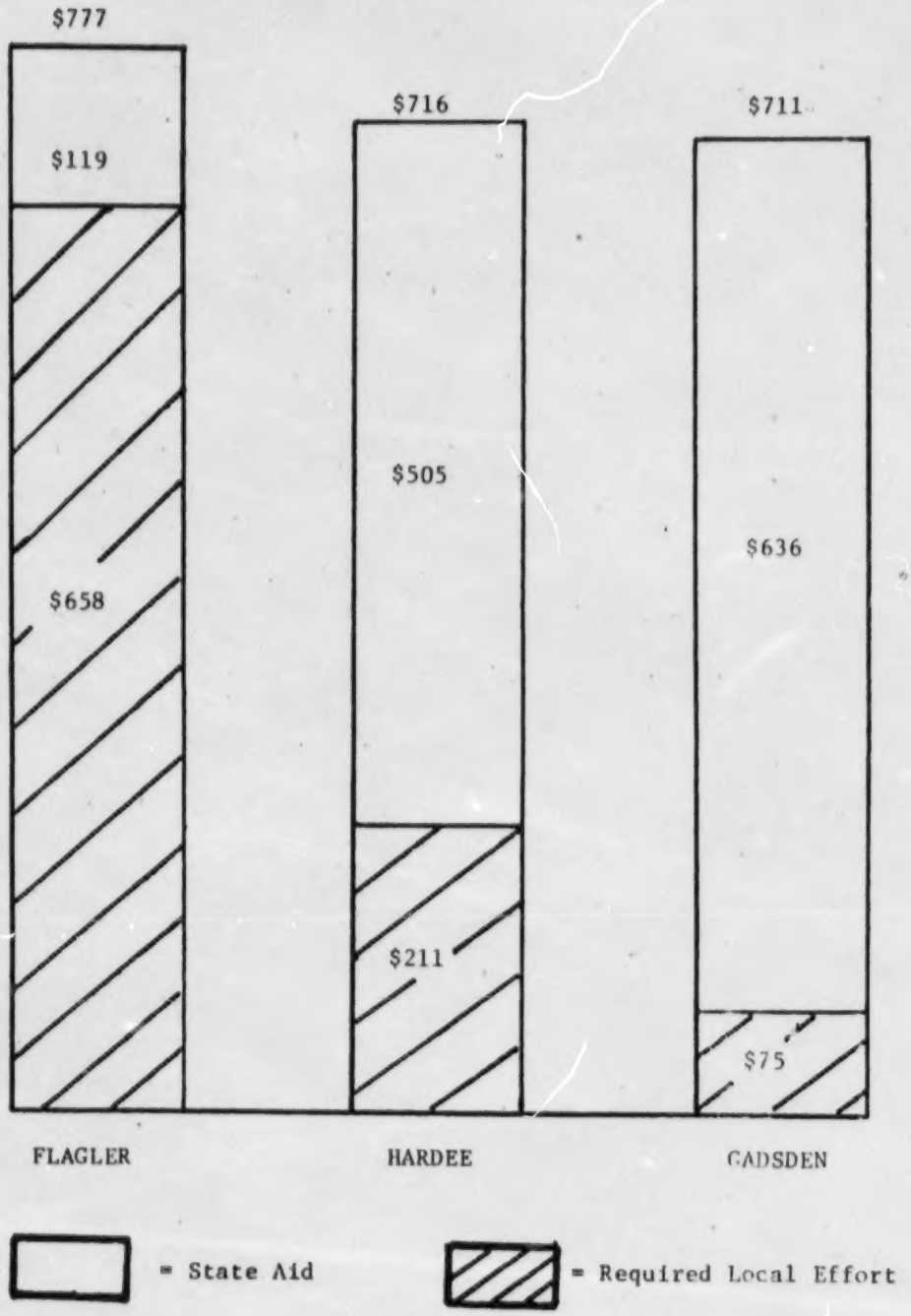
The Basic Amount for Current Operations is displayed at the top of each bar.

The Required Local Effort is the marked area at the bottom of each bar.

State Aid per pupil is represented by the white area. State Aid makes up the difference between the Basic Amount for Current Operations and Required Local Effort.

FIGURE 1

STATE AID AND REQUIRED LOCAL EFFORT AS COMPONENTS OF BASIC AMOUNT FOR CURRENT OPERATIONS PER WEIGHTED FTE



Adjustments to State Aid

There are two adjustments to State Aid. The first adjustment is the minimum level funding supplement which provides that each district will receive the same amount of State Aid per FTE as in the previous year. In 1976-77 only one district is entitled to aid under this provision. (For the calculation of the minimum level funding supplement see Appendix D).

The second adjustment is used when state funds are insufficient for the state to meet its obligation to school districts under FEFP. In this case, the state prorates the State Aid that the districts will receive. Each district's State Aid amount under FEFP will be reduced by the same percentage. The calculation of State Aid under FEFP for a district when the state has insufficient FEFP funds involves several steps:

1. Determine the total Basic Amount for Current Operations for the state.
2. Add the total state funds available for FEFP and the total Required Local Effort.
3. Divide the value obtained in Step 2 by the value obtained in Step 1. The result is called the percentage of proration.
4. To determine a district's prorated State Aid under FEFP, first subtract the district's Required Local Effort from its Basic Amount for Current Operations. Then multiply this amount by the percentage of proration.

Exercises on State Aid

18. A school district has a Basic Amount for Current Operation of $300,000. Its Required Local Effort is $50,000. How much State Aid does this school district receive under FEFP?

    a. $300,000.00
    B. $350.000.00
    c. $250,000.00
    d. Not enough information

19. A school district has 1,000 weighted FTE, a Basic Amount for Current Operations of $754,510 and a Required Local Effort of $254,510. How much State Aid per weighted FTE does this district receive?

    a. $250.00
    b. $504.51
    c. $754.51
    d. $500.00

20. A school district has a non-exempt property valuation for school purposes of $800,000 and a Basic Amount for Current Operations of $100,000. What amount of State Aid does the district receive under FEFP?

    a. $105,040.00
    b. $5,040.00
    c. $94,960.00
    d. not enough information

21. A school district makes a Required Local Effort of $300,000. It has a Total Base Student Allocation of $1,000,000 and a District Cost Differential Factor of 1.10. What amount of State Aid under FEFP does this district receive?

    a. $800,000.00
    B. $700,000.00
    c. $10,700,000.00
    d. $609,090.90

22. A school district has a total non-exempt property valuation of $8,000,000. Its Total Base Student Allocation is 500,000 and its District Cost Differential Factor is .98. What amount of State Aid under FEFP does this district receive?

    a. $44,960.00
    b. $452,120.00
    c. $439,600.00
    d. $442,120.00

State Aid Exercises (Continued)

23. A district with 1,000 weighted FTE has a Cost Differential Factor of 1.90 and makes a Required Local Effort of 400,000. What amount of State Aid under FEFP does the district receive?

a. $829,961.00
b. $400,000.00
c. $354,510.00
d. $429,961.00

24. A district has 1,500 weighted FTE, a Cost Differential Factor of 1.20 and a total non-exempt property valuation of 5,000,000. What amount of State Aid under FEFP does the district receive?

a. 1,358,118
b. 1,326,618
c. 1,328,193
d. 1,101,840

25. A district with 1,000 weighted FTE in Basic Programs, 50 weighted FTE in Special Programs for Exceptional Students, 150 weighted FTE in Vocational-Technical Programs, a Cost Differential Factor of .95 and a total non-exempt property valuation of $10,000,000 receives what amount of State Aid under FEFP?

a. $845,562.00
b. $842,412.00
c. $800,291.40
d. $797,141.40

Completing the State Aid Picture: Categorical Program Aid

In the first part of this chapter we have provided a step-by-step description of the Florida Education Plan, the primary mechanism for the distribution of State Aid to school districts. The second form of state aid to school districts, accounting for approximately 20 percent of total state support to the districts, is categorical program aid.

Categorical aid refers to the provision of state funds to school districts for the delivery of special programs and services, (i.e., transportation, programs for mentally and physically handicapped students, adult education, and vocational instruction). It is important to note that Florida differs from many states in that it incorporates programs into its general state distribution mechanism that would fall under categorical program aid in many other states. It does this through the procedure of weighting the students in specific programs (e.g., Special Programs for Exceptional Student, Special Vocational-Technical Programs and Adult General Education Programs).

Nonetheless, Florida law establishes several categorical programs of two types: general and transitional. Table 8 provides a list of the current categorical programs and the total state appropriations to each for 1976-77. General categorical programs are established on-going programs. Transitional programs are passed for four year periods.

There are seven general categorical programs and eight transitional programs. The largest appropriation is to Comprehensive School Construction and Debt Service, followed by Student Transportation. Two General Categorical programs and three Transitional programs received no funds for 1976-77. For 1976-77, three prior transitional programs were combined into a Student Developmental Services program. In addition, a new categorical program was established, Environmental Education.

TABLE 8

FLORIDA'S CATEGORICAL PROGRAMS

Programs	1976-77 Appropriations
General Categorical Programs:	
Comprehensive School Construction and Debt Service	$111,500,000 [a/]
Community School Program	$ 1,612,392
Educational Leadership Training Program	none
School Lunch Programs for the Needy	$ 3,953,239
Instructional Materials	$10,366,617
Vocational Improvement Fund	none
Student Transportation	$41,798,855
Transitional Categorical Programs:	
Bilingual Program	none
Driver Education	none
Student Developmental Services (combines Elementary School Counselors, Occupational Specialists and Placement Specialists, and Career Education)	$14,865,245
Safe Schools Program	none
Comprehensive Health Education Program	$ 961,700
Exceptional Child Support Services	$ 585,000
Severely and Profoundly Retarded	$ 832,000
Environmental Education	$ 270,954

[a/] This figure is for the year 1975-76 because the 1976-77 figure is not available.

There are two bases for the distribution of state categorical aid to school districts: 1) Aid for some programs is provided on a project approval basis, meaning a district applies for aid to finance in whole or in part a proposed program or service that falls within an estab lished categorical. 2) The majority of categorical aid programs use a formula as the basis of distribution. Districts often have to meet certain requirements in order to qualify for any specific categorical program aid, and, in some instances, are expected to contribute some share of the cost of a categorical program or service.

Categorical program funds are added to the basic FEFP program funds distributed to districts (the states' share of the Basic Amount For Current Operations). Finally, under the state constitution, each district is entitled to capital outlay and debt service funds. Thus, State Support to public school districts is the sum of state aid provided under FEFP, categorical program aid, and funds for capital outlay and debt service.

Total State Aid	=	State Aid Under FEFP	+	Categorical Program Aid	+	Capital Outlay And Debt Service Funds

CHAPTER II

STUDYING FLORIDA'S EDUCATION FINANCE PLAN

Since the early decades of this century, one important purpose of most school finance plans has been to achieve greater equity in funding and greater equality in the distribution of educational services. Equity and equality are broad and vague terms, but in school finance, their meanings have frequently been reduced to measurable differences, or disparities in expenditures and/or services among districts in a state. A glance at the districts within any state reveals a variety of such differences, e.g., disparities in the amount of money spent for each pupil; in the tax rate used to raise money for education; in the type of school programs districts offer and in the achievement of students in different districts. A state education finance plan may be designed to reduce one or some combination of these, or other, types of disparities. That is, the plan may attempt to "equalize" per pupil expenditures, "equalize" the revenue raised by the districts, "equalize" the program offerings, or "equalize" the achievement levels.

The manner in which equalization is defined and measured, and the criteria used to determine if "equalization" is achieved are important considerations in evaluating the impact of a state school finance plan. A plan may go a long way in alleviating the problems of one type of disparity without affecting other types of disparities, or, in fact, worsening other disparities. For example, a plan may equalize per pupil expenditures among school districts, but in the process increase the disparities among districts in the tax rate they must apply. Similiarly, what is "equalizing" under one definition, measurement, or method of

analysis may not be "equalizing" under another set of criteria. In other words, there are trade-offs to be made, and in evaluating the impact of a state finance plan, it is important to investigate its implications under varying concepts or measures of equity.

The first decision that must be made in the formulation of an education finance plan is what is to be "equalized?" A plan may address disparities in raising of resources. Or, it can address the "equalization" of the distribution of resources for education. Most often, it addresses both. Florida's Education Finance Plan (FEFP) addresses both types of disparities, and is intended to "equalize" the raising and distributing of resources for education. While other states have addressed these issues, what makes Florida's plan so interesting is the manner in which FEFP is designed to address disparities in need among school districts. This will be the first topic we consider here. We will then consider how FEFP addresses disparities in the raising of resources for education.

Equity in the Distribution of Resources

The first step in equalizing the distribution of resources is to decide upon a definition of equity: either the "same treatment for everyone" or "different treatment for different needs." For the distribution of resources for education, FEFP employs the latter definition - "different treatment for different needs." This value judgement on what is equitable in distributing resources for education is translated into policy by weighting students; the weights used in FEFP reflect the value that different students have different needs. Since weights are the basic unit for the distribution of state aid, in evaluating the Florida finance program it is important to investigate the effect of weights.

Table 1 shows the percentage increase in the student count due to weightings for Florida's school districts. The districts are arranged from those having the largest increase to those with the smallest increase. The percentage increase in FTE due to weighting reflects Florida's definition of the different needs of the student populations of different districts. The highest percentage increase in the FTE count is in Washington County, 47 percent, and the lowest in Hardee County, 19 percent. On the average a district FTE count increases 27 percent. Even though the percentage increase ranges from 19 to 47 percent, the majority of Florida's school districts (56) increased between 20 and 29 percent. This indicates that most Florida school districts have relatively similar percentage increases in FTE due to weighting.

Equity in the Raising of Resources

You have seen that FEFP adopts the "different treatment for different needs" definition of equity for the distribution of resources for education. In the raising of resources, too, a plan must adopt a definition of equity. FEFP defines equity in the raising of resources as "equal treatment for everyone." For the raising of resources this definition of equity is translated into practice by use of a state set standard tax rate on the "wealth" of each district.

Wealth

District "wealth" is a basic part of any state education finance plan, since it is used to determine a districts' ability to support education. Although in theory "wealth" can be defined in many ways, most states, like Florida, define wealth in terms of the amount of property value backing each

TABLE 1

PERCENTAGE INCREASE IN FTE DUE TO WEIGHTING

1976-77

District	Unweighted FTE	Weighted FTE	Percent Increase
Washington	4,088	6,019	47%
Taylor	3,778	5,219	38
St. Johns	9,070	12,305	36
Bradford	4,461	6,026	35
Wakulla	2,449	3,254	33
Broward	151,346	198,611	32
Gulf	2,842	3,740	32
Hamilton	2,537	3,359	32
Pinellas	101,058	133,188	32
Alachua	23,666	30,850	30
Hernando	5,842	7,609	30
Leon	23,330	30,386	30
Liberty	1,051	1,367	30
Monroe	10,838	14,091	30
Sarasota	27,327	35,550	30
Citrus	7,406	9,543	29
Highland	7,566	9,733	29
Suwannee	5,171	6,663	29
Union	1,544	1,997	29
Dade	284,786	363,464	28
Jackson	8,154	10,461	28
Jefferson	2,457	3,137	28
Orange	88,472	113,235	28
Palm Beach	74,378	94,957	28
Charlotte	5,866	7,441	27
Glades	1,225	1,557	27
Martin	8,150	10,323	27
Pasco	21,994	27,852	27
Calhoun	2,292	2,896	26
Collier	13,695	17,306	26
Dixie	1,867	2,346	26
Duval	111,733	140,610	26
Flagler	1,560	1,965	26
Franklin	1,884	2,379	26

TABLE 1 (Continued)

District	Unweighted FTE	Weighted FTE	Percent Increase
Gilchrist	1,577	1,989	26%
Lake	18,001	22,599	26
Manatee	21,385	27,007	26
Okeechobee	4,356	5,497	26
Baker	3,518	4,412	25
Bay	21,726	27,108	25
Escambia	48,513	60,604	25
Lafayette	947	1,183	25
Marion	22,102	27,608	25
Columbia	7,526	9,295	24
DeSoto	3,598	4,452	24
Hendry	4,469	5,547	24
Hillsborough	120,752	149,918	24
Holmes	3,561	4,417	24
Polk	65,005	80,325	24
St. Lucie	12,700	15,789	24
Seminole	34,401	42,792	24
Volusia	34,969	43,211	24
Brevard	53,064	65,174	23
Gadsen	10,500	12,918	23
Levy	4,301	5,303	23
Nassau	7,425	9,163	23
Clay	14,661	17,831	22
Lee	27,917	33,990	22
Madison	3,429	4,175	22
Okaloosa	26,827	32,772	22
Putnam	10,710	13,076	22
Santa Rosa	12,238	14,914	22
Indian River	9,112	11,017	21
Sumter	4,688	5,676	21
Walton	4,251	5,165	22
Osceola	8,660	10,429	20
Hardee	4,729	5,639	19

Source: House Education Committee School Finance Simulation Model.

student in a district. In Table 2, we show the property valuation both per weighted FTE and per unweighted FTE. While Florida defines students as weighted FTE, it is also useful to look at property values per unweighted FTE. This will show the effect of weighting students on the definition of ability to pay. The property valuation per weighted FTE of a district is less than that per unweighted FTE. This is because a district has more weighted than unweighted FTE.

It is easy to look at Table 2 and see that there are differences in property valuation per weighted FTE, but from simple observation it is difficult to summarize in any systematic way what those disparities are and the magnitude of the disparities. For this reason, it is useful to employ some method for summarizing disparities:

One way of summarizing is to obtain a simple <u>average</u>. The mean or average property valuation per weighted FTE for Florida's school districts is $40,593.15 . This is the sum of each district's property valuation per weighted FTE or $2,719,741.00 divided by Florida's 67 school districts.

A simple average does not account for the differences among districts in the numbers of weighted FTE. A <u>weighted average</u> accounts for these differences. It is obtained by dividing the total property valuation of the state by the total number of weighted FTE state-wide. The total non-exempt property valuation in Florida is $98,103,385,520 for 1976-77. There are a total of $2,100,435 weighted FTE in the state. Thus, the weighted average property valuation backing each weighted student in Florida is $46,706.22 per weighted FTE.

Another type of average that is commonly used is the <u>median</u>. The simple average and the weighted average are calculated measures, the median is the average position. The median is the middle value when you arrange the

TABLE 2

NON-EXEMPT PROPERTY VALUES

1976-77

District	Weighted FTE	Property Value Per Weighted FTE	Unweighted FTE	Property Value Per Unweighted FTE
Flagler	1,965	$109,956	1,560	$ 138,431
Martin	10,323	102,441	8,150	129,754
Charlotte	7,441	99,566	5,866	126,321
Collier	17,306	99,638	13,695	125,919
Indian River	11,017	73,831	9,112	89,277
Sarasota	35,550	73,287	27,327	95,344
Broward	198,611	69,390	150,346	91,670
Glades	1,557	68,988	1,225	87,701
Palm Beach	94,957	68,037	74,378	86,861
St. Lucie	15,789	60,142	12,700	74,770
Lee	33,990	57,657	27,917	70,203
Highlands	9,733	57,280	7,566	73,696
Volusia	43,211	57,155	34,969	70,624
Monroe	14,091	53,360	10,838	69,417
Dade	363,464	52,830	284,786	67,420
Osceola	11,429	51,148	8,660	67,496
St. Johns	12,305	47,391	9,070	64,294
Lake	22,599	47,123	18,001	59,159
Pinellas	133,188	46,557	101,058	61,359
Manatee	27,007	46,277	21,385	58,443
Orange	113,235	45,271	88,472	57,942
Walton	5,165	45,033	4,251	54,728
Leon	30,386	43,869	23,330	57,138
Citrus	9,543	43,109	7,406	55,542
Marion	27,808	42,594	22,102	53,590
Hendry	5,547	41,692	4,469	51,740
Pasco	27,852	39,470	21,994	49,981
Hernando	7,609	39,388	5,842	51,294
Nassau	9,163	38,939	7,425	48,054
Polk	80,325	38,570	65,005	47,660
Hardee	5,639	35,184	4,729	41,947
Franklin	2,379	34,612	1,884	43,706
Seminole	42,792	34,472	34,401	42,879

TABLE 2 (Continued)

District	Weighted FTE	Property Value Per Weighted FTE	Unweighted FTE	Property Value Per Unweighted FTE
Hillsborough	149,918	$ 34,374	120,752	$ 42,676
Sumter	5,676	33,950	4,688	41,098
Brevard	65,174	31,935	53,064	39,223
Levy	5,303	31,607	4,301	38,971
Desoto	4,452	33,379	3,598	41,304
Duval	140,610	32,721	111,733	41,177
Lafayette	1,183	30,379	947	37,917
Gulf	3,740	30,287	2,842	39,846
Clay	17,831	29,919	14,661	36,388
Putnam	13,076	29,824	10,710	36,412
Alachua	30,850	28,086	23,666	36,610
Escambia	60,604	28,758	48,513	35,925
Columbia	9,295	27,228	7,526	33,632
Bay	27,108	27,220	21,726	33,963
Okeechobee	5,497	26,657	4,356	39,763
Suwannee	6,663	26,534	5,171	34,197
Madison	4,175	26,221	3,429	31,925
Santa Rosa	14,914	25,710	12,238	31,332
Gilchrist	1,989	25,354	1,577	31,962
Calhoun	2,896	25,290	2,292	31,957
Jefferson	3,137	25,233	2,457	32,217
Taylor	5,219	25,109	3,778	34,686
Hamilton	3,359	22,604	2,537	29,931
Dixie	2,346	22,184	1,867	27,891
Liberty	1,367	22,096	1,051	28,718
Okaloosa	32,772	22,064	26,827	27,064
Jackson	10,461	21,637	8,154	27,763
Bradford	6,026	21,025	4,461	28,401
Wakulla	3,254	18,732	2,449	24,900
Holmes	4,417	16,863	3,561	20,917
Union	1,997	13,413	1,544	17,340
Baker	4,412	13,355	3,518	16,748
Washington	6,019	13,139	4,088	19,350
Gadsen	12,918	12,597	10,500	15,500

Source: House Education Committee School Finance Simulation Model.

values according to size. In Table 2, school districts are arranged from the highest property valuation to the lowest property valuation per weighted FTE. The median is the property valuation per weighted FTE that is half way from the district with the lowest value and half way from the district with the highest property valuation per weighted FTE. There are 67 Florida school districts; the value that divides the 67 school districts into two equal parts of 33 school districts each is the property valuation of the 34th district thus, the median property valuation per weighted student is the valuation in Hillsborough or $34,374.

Each type of average, the simple, weighted average, and median, can be used to describe disparities by comparing them with the actual values for individual school districts. For example, you may indicate how many districts are above or below one of these summary measures, or indicate by how much a school district's property valuation per weighted FTE is above or below. You may use this procedure to group districts, for example the number of districts that are within $500 of one of the measures and so on. However, averages do not indicate how widely dispersed the districts are. One way to see if one of these types of averages are representative of real property valuations per weighted FTE, is to determine the range. The range is the difference between the highest and lowest value. Among Florida's school districts, Flagler has the highest property valuation per weighted FTE, $109,956, and Gadsden has the lowest property valuation per weighted FTE, $12,597. The range is then $109,956 - $12,597 or $97,359. Often the range is represented as a ratio, found by dividing the highest value by the lowest value. For Florida it is $109,956 ÷ $12,597 or 8.73: 1. Used with the average, weighted average, or median, the range indicates how accurately

the summary measure represents actual property values. For example, if for Florida districts we had obtained a range of only $100, this would indicate that the average is fairly representative of actual property values. Specifically, it would indicate that no district's property value differs much from the average property valuation per weighted FTE because the wealthiest and poorest districts are separated by only $100. Since the range is much larger for the districts are separated by only $100. Since a good representation of the actual property values of a particular district.

Exercises on Summary Measures of Wealth

Using the data below and the data in Table 2 answer the following questions for the property values per unweighted FTE:

Total Property Valuation = $98,103,386 (in thousands of $)

Total Unweighted FTE = $1,627 (in thousands of $)

Sum of Property Values Per FTE = $3,461,286.00

1. What is the average property valuation per unweighted FTE?

_____.

2. What is the weighted average property valuation per unweighted FTE?

_____.

3. What is the range in property valuation per unweighted FTE?

_____.

4. What is the median property value per unweighted FTE?

_____.

5. How representative is the average property valuation per unweighted FTE of a property valuation in a particular district?

6. How many districts are within $100 of the average property value per unweighted FTE?

Distribution of Property Values

Although the summary measures that you have just learned about are useful tools for describing disparities, they still do not provide a complete picture of disparities in wealth. Even though you know the range in property values per weighted FTE is 8.73:1, you still don't know whether a few districts are unusual or whether the disparity is widespread. That is, you do not know if the large range is attributable to a few districts that have a high or low property valuation, or if the range reflects widespread disparities among a large number of districts. To determine this you need to examine the distribution of districts within the range. Thus, we have divided districts into ranges of property value per weighted FTE. Table 3 shows the number of districts and the number of weighted FTE that fall within different ranges of wealth per weighted FTE. The percentage of districts and the percentage of students within each range is also shown.

TABLE 3

DISTRIBUTION OF NON-EXEMPT PROPERTY
VALUE PER WEIGHTED FTE

Ranges of Property Valuation Per Weighted FTE	Number of Districts	Percentage of Districts	Number of Weighted FTE	Percentage of Weighted FTE
more than $100,000	2	3%	12,288	.6%
80,000 - 99,999	2	3	24,747	1.2
60,000 - 79,999	6	9	357,481	17.0
40,000 - 59,999	16	24	861,501	41.0
20,000 - 39,999	35	52	811,400	38.6
less than 20,000	6	9	33,017	1.5
Totals	67	100%	2,100,434	100%

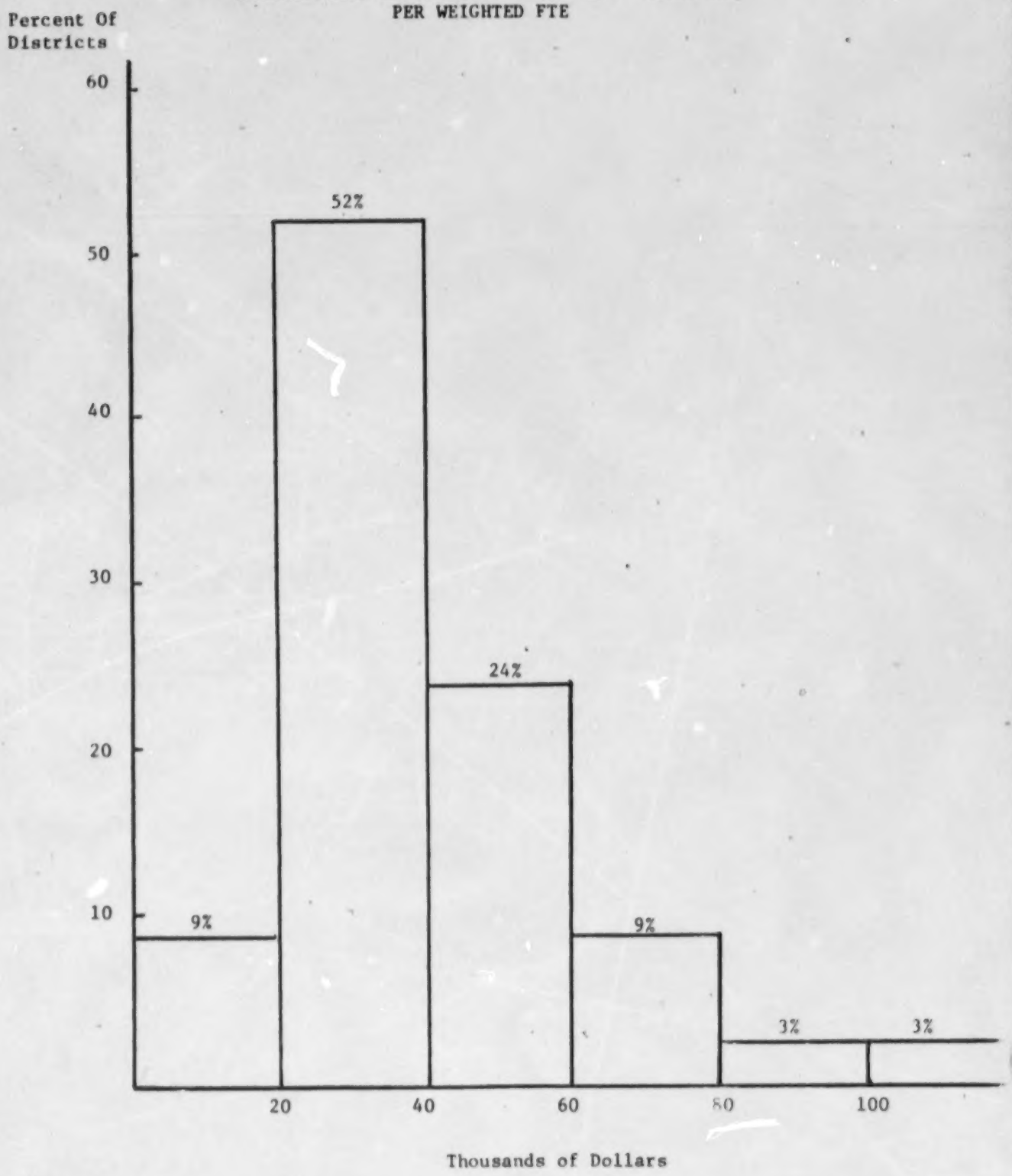
Source: House Education Committee School Finance Simulation Model.

Sixteen districts have a property value per weighted FTE between $40,000 and $59,999. This represents 24% of all Florida School districts. However, these districts contain 41% of the weighted FTE.

Figure 1 graphically displays the distribution of property value per weighted FTE. In the figure, each bar represents the percentage of districts within each range of property values from Table 3. The actual percentage is displayed at the top of each bar. The figure shows that 1.5 percent of Florida school districts have property values less than $20,000 per weighted FTE.

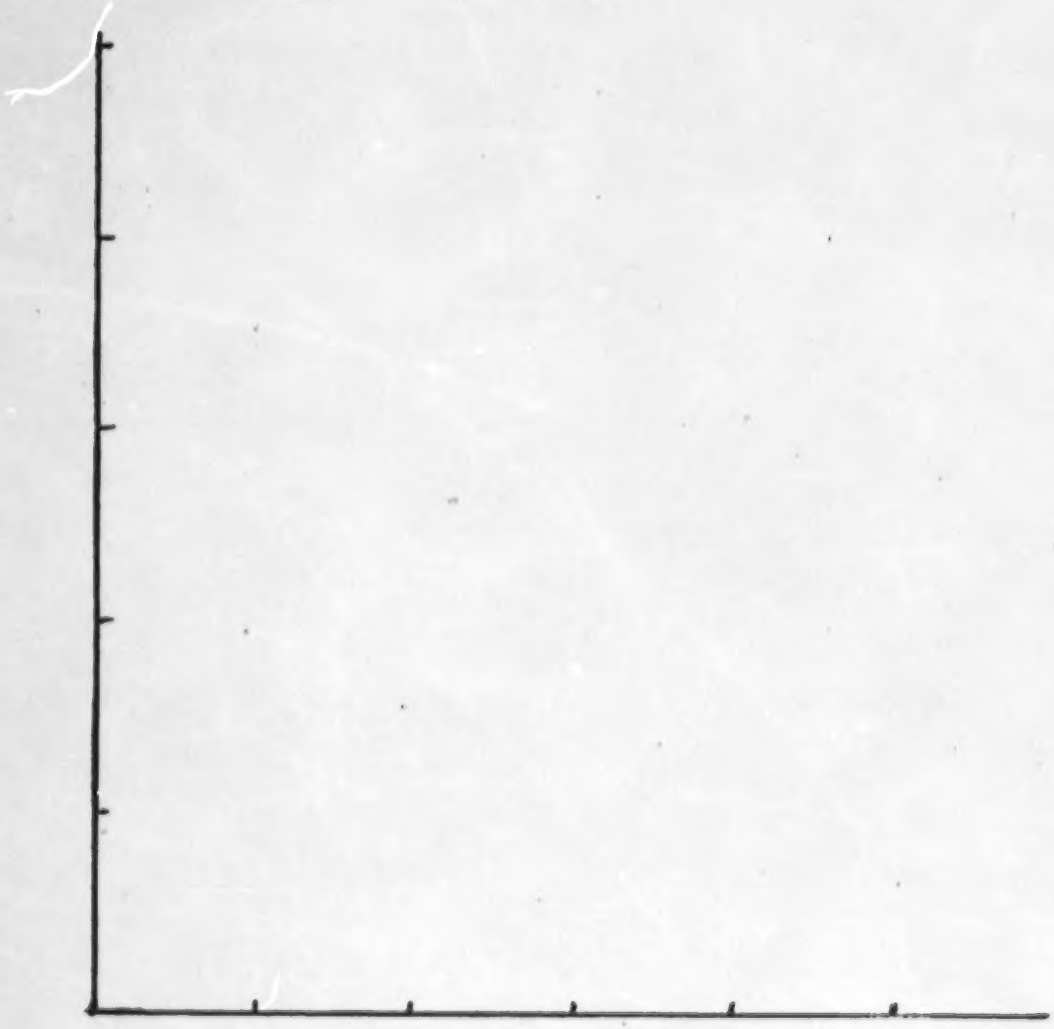
FIGURE 1

DISTRIBUTION OF DISTRICT'S PROPERTY VALUATION
PER WEIGHTED FTE



Exercises on Distribtuion of Property Value

7. Using the information provided in Table 3 draw a graph which shows the percentage of weighted students within each range of property values per weighted FTE.



8. What range of property value per weighted FTE has the largest percentage of weighted students?

9. What percentage of weighted students are in districts with property valuations per weighted FTE of less than $20,000?

10. The average property valuation per weighted FTE is $40,593.00. What range of property values does the average fall within and what percentage of weighted students are within this range?

11. Compare the graph you have made with Figure 1. What can you say about the distribution of districts in comparison to the distribution of weighted students on wealth?

Other Measures of Wealth

Although Florida uses property valuation as its measure of ability to pay, other measures of wealth could be employed. For example, some states consider income as a part of wealth. In some cases income and property are added while in other cases property valuation is adjusted by income. In order to see the effect of the inclusion of income in the measure of wealth in Florida, you need to look at the relationship between income and property value. Are property wealth and income related? Are property rich districts also high income districts? Similarly, do property poor districts have lower income levels? A district's rank in median family income to its rank in property valuation rank is compared for the ten districts with the highest property value per weighted FTE and the ten districts with the lowest property value per weighted FTE. (See Table 4)

Comparing the rankings, there seems to be little relationship between property valuation and median family income. Of the top ten districts in property valuation, only three are in the top ten in median family income. Of the bottom ten districts in property valuation, there are four in the bottom ten in median income.

TABLE 4

COMPARISON OF PROPERTY VALUATION PER WEIGHTED FTE AND MEDIAN FAMILY INCOME

District	Property Valuation Per Weighted FTE 1976-77 a)	Rank on Property Valuation	Median Family Income b)	Rank on Median Income
Flagler	$109,956	1	$5,627	56
Martin	102,441	2	7,285	26
Charlotte	99,566	3	6,255	41
Collier	99,638	4	9,136	4
Indian River	73,831	5	7,219	27
Sarasota	73,287	6	7,739	17
Broward	69,390	7	9,539	2
Glades	68,988	8	6,165	44
Palm Beach	68,037	9	9,112	5
St. Lucie	60,142	10	6,358	37
Liberty	$22,096	58	$5,582	58
Okaloosa	22,064	59	7,876	16
Jackson	21,637	60	5,496	61
Bradford	21,025	61	6,905	30
Wakulla	18,732	62	6,128	45
Holmes	16,863	63	4,754	66
Union	13,413	64	6,317	40
Baker	13,355	65	7,714	18
Washington	13,139	66	4,755	65
Gadsden	12,597	67	5,598	57

Source:

a) House Education Committee School Finance Simulation Model
b) Profiles of Florida School Districts, Profile V, May, 1976, Department of Education, Tallahassee, Florida

Another type of wealth measure that has been used in some states is per capita property value. Property value per capita is the total property value of the district divided by its total population. In order to determine the effect of this type of wealth measure you need to look at enrollment ratios.

The enrollment ratio is the number of pupils in a district, divided by the total population of the district; it indicates what percentage of the population is enrolled in the public school system. In a state like Florida, which has a notable percentage of retired population and seasonal residents, enrollment ratios can vary dramatically. Table 5 shows some examples of the variation in pupil membership and enrollment ratios throughout the state.

As the table indicates, the size of the total population does not give a good clue to the enrollment ratio of a district. The most populous county, Dade, has an enrollment ratio very near the state average, while Pinellas, another highly populated county with over five times the state average population, has a low enrollment ratio of 17% compared to the state average 22%. Washington County, with a very small total population has a much higher-than-average percentage (36%) of pupils in the population.

Districts with low enrollment ratios would have their relative capac ty lowered by the use of a per capita wealth measure. For example, consider two districts (Districts A and B) each with the same total property valuation of $35,000,000 and the same number of students, 1,000. Each district would have the same property value per student of $35,000,000/1,000 or $35,000. However, assume that the population in these two districts is different. For instance, assume District A has a population of 6,250 and District B has a population of 3,125. District A then has an enrollment ratio of 16 percent

TABLE 5

PUPIL POPULATIONS IN SELECTED DISTRICTS

County/District	Total Population	Pupil Membership	Enrollment Ratio %
Dade	1,413,102	299,529	21%
Pinellas	649,852	113,510	17%
Palm Beach	459,167	75,481	16%
Volusia	206,967	35,543	17%
Alachua	125,135	23,865	19%
STATE AVERAGE	123,117	26,742	22%
Clay	45,761	16,361	36%
Martin	45,097	14,736	33%
Highlands	40,659	7,714	19%
Washington	13,931	5,018	36%
Lafayette	3,228	859	27%

Source: Population Characteristics of Florida Districts, Statistical Report, February, 1976, MIS, Division of Public Schools, Department of Education, Tallahassee, Florida.

($\frac{1000}{6250}$) and District B has an enrollment ratio of 32 percent ($\frac{1000}{3125}$). If property values were figured per capita, District A would have a property value of ($35,000,000/6,250) or $5,600 and District B would have a property value of ($35,000,000/3,125) or $11,200. Thus, the district with the lower enrollment ratio, District A, would now be considered to have a lower ability to pay.

Effort

You have seen that wealth in Florida is defined as property valuation per weighted FTE and that there are differences among districts in their ability to pay. Poor districts would have to levy a higher tax rate than wealthy districts to provide the same amount of support for education. FEFP defines equity in local support to education as equal treatment for all. This translates as a uniform tax rate used in the calculation of Required Local Effort. However, districts can levy additional taxes. Therefore in order to understand the operation of FEFP you need to examine the distribution of tax rates to see if they are related to wealth.

Table 6 shows different ranges of tax rates for current operations and the number and percentage of the districts that levy rates within each range. There is a range of less than 2 mills. The highest millage rate is 8.00, and the lowest 6.29, a ratio of 1.27:1. As Table 6 shows, the majority of districts (67.2%) levy a tax rate between 7.50 and 8.00 mills. Thus Florida school districts make a relatively similar effort to finance education.

However, we have only examined tax rates for current operations. It would also be useful to examine levies for capital outlay if the data were available.

TABLE 6

DISTRIBUTION OF TAX RATES
1975-76

Range Millage Rate	Number of Districts	Percent of Districts
7.5 - 8.00	45	67.2
7.0 - 7.49	7	10.4
6.5 - 6.99	4	6.0
6.0 - 6.49	11	16.4
Total	67	100.0

Source: House Education Committee, Simulation Model of School Finance

Translating Need to Dollars

You have already seen that districts differ in their needs due to the size and make-up of their student populations as reflected in weighted FTE. You know from the first chapter that FEFP also addresses differences among districts in the cost of purchasing the same services. Recall that the Base Student Allocation is $754.51 per weighted FTE for 1976-77. The Basic Amount For Current Operations per weighted FTE ideally reflects the different costs to different districts for providing similar services. Table 7 shows the Basic Amount For Current Operations per weighted FTE. These correspond to different Cost Differential Factors. The districts are arranged from the highest to lowest cost factors. The highest Cost Differential Factor is 1.0741 in Monroe County; thus, the largest Basic Amount

TABLE 7

DISPARITIES IN BASIC AMOUNT FOR CURRENT OPERATIONS

District	Cost Differential Factors	Basic Amount for Current Operations Per Weighted FTE
Monroe	1.0741	810
Dade	1.0591	799
Palm Beach	1.0354	781
Broward	1.0322	779
Flagler	1.0299	777
Collier	1.0285	776
Martin	1.0278	775
Indian River	1.0198	769
Lee	1.0099	762
Duval	1.0017	756
Glades	1.0012	755
Pinellas	1.0009	755
Clay	.9964	752
Manatee	.9916	748
St. Lucie	.9881	746
Sumter	.9870	745
Sarasota	.9858	744
Hendry	.9848	743
Brevard	.9820	741
Volusia	.9824	741
Alachua	.9810	740
Charlotte	.9798	739
Jefferson	.9794	739
Leon	.9779	738
Nassau	.9768	737
Hillsborough	.9728	734
Lake	.9722	734
Calhoun	.9705	732
Citrus	.9690	731
Okaloosa	.9686	731
Hamilton	.9640	727
Highlands	.9640	727

TABLE 7 (Continued)

District	Cost Differential Factors	Basic Amount for Current Operations Per Weighted FTE
Washington	.9627	$726
Orange	.9618	726
Seminole	.9618	726
St. Johns	.9607	725
Baker	.9606	725
Gilchrist	.9598	724
Hernando	.9590	724
Okeechobee	.9587	723
Columbia	.9582	723
Santa Rosa	.9578	723
Marion	.9569	722
De Soto	.9566	722
Dixie	.9535	719
Wakulla	.9527	719
Bay	.9507	717
Hardee	.9495	716
Escambia	.9486	716
Pasco	.9463	714
Jackson	.9450	713
Liberty	.9447	713
Levy	.9444	713
Gulf	.9438	712
Gadsden	.9424	711
Polk	.9421	711
Madison	.9390	709
Union	.9388	708
Bradford	.9383	708
Franklin	.9382	708
Walton	.9382	708
Taylor	.9372	707
Putnam	.9346	705
Osceola	.9305	702
Lafayette	.9299	702
Suwannee	.9206	695
Holmes	.9170	692

For Current Operations per weighted FTE is $810. The lowest Cost Differential Factor is .9170 in Holmes County; thus, the smallest Basic Amount For Current Operations per weighted FTE is $692. The range in Basic Amount For Current Operations per weighted FTE is then ($810 - $692) or $118, a ratio of 1.17:1.

The way you interpret the differences in the Basic Amount For Current Operations depends on your own value judgment. You may feel that costs in Florida differ and that these cost differences should be taken into account. If this is the case, you would find the Florida plan equitable. If, on the other hand, you feel cost differentials should not be taken into account, you would find the Florida plan inequitable.

The Basic Amount for Current Operations per weighted FTE is a Calculated amount and an easy way to represent need. However, it does not include categorical aid or the amount raised from levies above the required tax rate.

Table 8 shows range of total expenditures for current operations per unweighted FTE for 1974-75. We have used 1974-75 data because this is the most recent data available. The largest expenditure in that year was $1,541, the lowest was $932 per FTE, a ratio of 1.65:1. You may also want to look at the disparities per weighted FTE. Here again your interpretation of the differences depends on your values.

Throughout this chapter, we have seen that there are no substantial disparities among Florida school districts. What disparities do exist seem to be related to Florida's value judgment that some pupils and some districts have higher needs.

TABLE 8

RANGES OF EXPENDITURES PER UNWEIGHTED FTE
1974-75

	Number of Districts	% of Districts
More than 1500	2	03%
1400 - 1499	2	03
1300 - 1399	4	06
1200 - 1299	13	19
1100 - 1199	27	40
1000 - 1099	14	21
Less than 1000	5	08
TOTALS	67	100

APPENDICES

APPENDIX A

DETERMINATION OF A FULL TIME EQUIVALENT STUDENT

During the year at least four surveys are conducted of Full Time Equivalent membership. For the kindergarten-grade 3 program a student must be enrolled for a 5 day week consisting of at least 20 hours to be counted as one full time equivalent (FTE). If a student is enrolled for less than this amount the student will be counted as a fraction of an FTE. Thus, if a student is enrolled in kindergarten-grade 3 program for a 5 day week consisting of 10 hours, this student will be counted as .5 FTE.

For the grades 4 - 12 program and the adult program, a student must be enrolled for a 5 day week consisting of at least 25 hours to be counted as 1 FTE.

For a special program, a student must be enrolled for 5 days for at least 25 hours to be counted as one FTE. Thus, if a student is enrolled in a special program the student's FTE in the program is the number of hours spent in that particular program divided by 25.

APPENDIX B

SPECIAL PROGRAM MAXIMUMS

The three special categories of programs are subject to a state-wide ceiling. Table 1 reports the 1976-77 maximums on weighted FTE within each special program category.

TABLE 1

CEILINGS ON STATE-WIDE WEIGHTED FTE
IN SPECIAL PROGRAM CATEGORIES

Programs for Exceptional Students	214,000
Vocational and Technical Programs	305,246
Adult Basic Education and Adult High School	31,656

If the state-wide total weighted FTE in any category is greater than the maximum, the state Department of Education reassigns each district's weighted FTE in the program category.

APPENDIX C

SPARSITY SUPPLEMENT

Adjustments to the Basic Amount for Current Operations

The sparsity supplement is intended to aid those districts which have additional costs in providing educational programs due to sparsity of the student population. However, this adjustment has not yet been funded.

To determine a district's sparsity factor, you first determine the district sparsity index:

District Sparsity Index = Total FTE in District ÷ Number of Senior High School Centers (not more than 3)

Divide the total number of full-time equivalent students in the district (unweighted FTE) by the number of senior high school centers. The number of high school centers cannot be greater than 3 in determining the district sparsity index. If a district has more than three senior high school centers, it is treated as if it had 3 senior high school centers in calculating its sparsity index. For example, Table 1 shows the calculation of the Sparsity Index for three hypothetical districts. District A actually has 5 senior high school centers, but it is treated as if it had 3 centers.

TABLE 1

DETERMINING DISTRICT SPARSITY INDEX

District	Total FTE	÷	Senior High School Centers	=	District Sparsity Index
A	30,000		3		10,000
B	10,000		2		5,000
C	1,000		2		500

Districts with a Sparsity Index of less than 1,000 are treated as if they had a sparsity index of 1,000. District C with 1,000 FTE and 2 senior high school centers has a calculated Sparsity Index of (1,000 ÷ 2) or 500. It is treated as if it had a Sparsity Index of 1,000.

Once you have determined a district's Sparsity Index you can calculate the district's Sparsity Factor using the following formula:

$$\text{District Sparsity Factor} = \frac{1101.8918}{(2700 + \text{District Sparsity Index})} - .1101$$

Divide 1101.8918 by the sum of 2700 and the district sparsity index, and then subtract .1101.

Districts with a Sparsity Index of 7,308 or greater require no calculation. They have a Sparsity Factor of zero (0). District A in Table 10 with a Sparsity Index of 10,000 is considered to have a Sparsity Factor of zero (0). For District B with a sparsity index of 5,000, its district sparsity factor is determined as follows:

$$\text{District Sparsity Factor} \quad (1101.8918 \div 2700 + 1000) - .1101 =$$

$$(1101.8918 \div 3700) - .1101 =$$

$$(.29780859) - .1101 = .18770859$$

APPENDIX D

MINIMUM LEVEL FUNDING

Under FEFP, the state guarantees that a district will have the same amount of aid per FTE for the current year as it received the previous year. If it is found that a district receives less state aid per FTE during the current year than it did in the previous year, the state makes up the loss to the district through what is called the Minimum Level Funding Supplement. This guarantees a district will not lose any state aid per FTE from one year to the next. Thus, this feature of the FEFP is often referred to as a "save-harmless" or "no-loss" provision. It works as follows:

1. Add the amount of state aid under FEFP that a district is entitled to during the current year to the revenue a district would raise if it levied an 8 mill tax rate (.008) on its non-exempt property valuation for school purposes during the current year.

2. Determine the funding per FTE in the current year by dividing the value of Step 1 by the number of FTE in the district for the current year.

3. Add the amount of state aid under FEFP that a district received in the previous year to the amount a district raised in the previous year from levying its non-voted millage rate on its non-exempt property valuation for school purposes during that year.

4. Determine the funding per FTE in the previous year by dividing the value in Step 3 by the number of FTE in the district during the previous year.

5. Compare the funding per FTE for the current year (Step 2) to the funding per FTE of the prior year (Step 4).

6. If the current year's funding per FTE is greater than the prior year's funding per FTE, the district receives no Minimum Level Funding Supplement.

7. If the current year's funding per FTE is less than the prior year's funding per FTE, then the state will provide the difference. For example, if the funding per FTE was $800 for the current year and $900 for the previous year, this district would receive an additional $100 from the state ($900 - $800).